



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

July 12, 2006

The Honorable Calvin K. Y. Say, Speaker
and Members of the House of Representatives
Twenty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear Mr. Speaker and Members of the House:

Re: House Bill No. 1891 HD2 SD2 CD1

On July 11, 2006, House Bill No. 1891, entitled "A Bill for an Act Relating to Education" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill doubles the amount of General Excise Tax (GET) revenues to be deposited into the State Educational Facilities Improvement (SEFI) special fund from \$45 million to \$90 million.

House Bill No. 1891 HD2 SD2 CD1 is problematic because the automatic, mandatory diversion of GET revenues limits the State's ability to fund priorities, thereby negatively impacting the State's general fund financial plan. In essence, this measure guarantees the diversion of up to \$90 million dollars of general revenues into the SEFI if no general obligation bonds are authorized. A financially sound approach to manage the State's funds would include providing funding for public school capital improvement requirements on the basis of need, funding ability, and the consideration of statewide priorities. House Bill No. 1891 does not take these criteria into consideration.

The State Educational Facilities Improvement special fund was created to set aside State funds for school construction and repairs. Currently, the SEFI is funded from general obligation bond sales. Consequently, in essence, projects funded by the SEFI are funded by general obligation bonds. Thus, the SEFI may no longer be needed.

One of the priorities of my Administration is to foster a proper learning environment that I believe is critical to the education of Hawaii's students. For fiscal year 2005-2006, I released \$200 million to assist the Department of Education with repair and maintenance and other capital improvement program projects for Hawaii schools. In addition, on June 26, 2006, I signed Act 246, the Fix Hawaii Schools Act, which appropriates \$235 million to repair schools statewide. There is also \$170 million in capital improvement project funds in the supplemental budget for

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2007 (Act 160) and \$5 million for solar panels in schools in Act 96, Session Laws of Hawaii 2006. These amounts total \$610 million devoted to school construction.

My support for public school facilities is clear. However, the Department of Education should fund its capital improvement program needs directly with general obligation bond fund sales as do other State departments.

For the foregoing reasons, I allowed House Bill No. 1891 to become law as Act 304 effective July 11, 2006 without my signature.

Sincerely,

A handwritten signature in dark ink, appearing to read 'L. Lingle', with a stylized, flowing script.

LINDA LINGLE